



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Stephen M. Haase

**SUBJECT:** EVERGREEN VISIONING  
PROJECT STUDY SESSION

**DATE:** June 3, 2005

Approved

Date

6/3/05

## PURPOSE

The purpose of the Evergreen Visioning Project (EVP) Study Session is to discuss key policy issues raised in the memorandum approved by Council on May 17, 2005. Based on the discussion at the Study Session, staff will prepare recommendations for the policy issues raised in this memorandum and complete an updated work plan for the EVP for Council consideration.

## BACKGROUND

On May 17, 2004, the City Council directed the Administration to organize a study session regarding the Evergreen Visioning Project and key policy issues, such as industrial conversion, affordable housing, community amenities, development character, transit-oriented development, housing tenure, funding strategies, and livability effects. In addition, the Council clearly stated its interest in hearing from the original EVP Task Force (now self-identified as the District 8 Visioning Project Task Force) to understand their accomplishments.

The study session is scheduled for June 8, 2005 (see Attachment 1 for the agenda). This memorandum transmits background information in preparation for the discussion. Additional material will be provided to the Council at the study session in the form of slide presentations and panel discussions.

The information contained in this memorandum is organized by the topics to be covered at the study session:

1. Land Use and Transportation Overview
2. District 8 Visioning Project Task Force Perspectives
3. Industrial Conversion
4. Affordable Housing
5. Financing Strategies

## **ANALYSIS**

### **1. Land Use and Transportation Overview**

#### *Initiation of the Evergreen Visioning Project*

Evergreen has experienced significant housing growth, facilitated by the Silver Creek Planned Residential Community, the Evergreen Specific Plan, and the Evergreen Development Policy. In particular, the Evergreen Development Policy (EDP) is a strict traffic policy that, among other things, only allows residential development on properties with traffic allocations consistent with the San Jose 2020 General Plan (additional discussion of the EDP is contained on page 7 of this memorandum and in Attachment 7).

In 2001 and 2002, respectively, the City Council adopted the West Evergreen and KONA Strong Neighborhoods Initiative (SNI) Improvement Plans. Based on significant community involvement through the West Evergreen and KONA Neighborhood Advisory Committees (NACs), the Plans identify “top ten” action items to enhance existing and create new community facilities, trails, and other improvements.

In November 2002, the Evergreen-Eastridge area was selected by the Knight Program in Community Building for a land use planning charrette, engaging the City, various stakeholder groups, the broader community, graduate students, and outside technical experts in an intensive five day planning exercise. Based on the Charrette, the Knight Program produced a report suggesting options for future land use development, transportation, and community facilities, building upon prior planning efforts such as the two SNI plans.

Also in 2002, two major Evergreen property owners (Legacy and the Evergreen Valley Community College) applied for General Plan amendments to allow housing and retail development on their properties. Any significant new housing in the Evergreen area requires an update to the Evergreen Area Development Policy because the current traffic policy does not accommodate housing growth beyond the existing General Plan.

Rather than pursue General Plan changes and Evergreen Development Policy modifications in a piecemeal fashion, these and other property owners agreed in 2003 to explore the possibility of participating in a larger, comprehensive land use and transportation planning effort. The property owners and/or developers also offered to finance transportation improvements (including upgrades to Highway 101 at Tully, Capitol, and Yerba Buena) and community amenities in addition to the typical requirements of development (such as fees, taxes, environmental mitigations, etc.). This comprehensive approach became the Evergreen Visioning Project/Smart Growth Strategy (EVP).

In August 2003, Councilmember David Cortese convened the first EVP Task Force meeting of neighborhood association leaders, SNI NAC representatives, Knight Charrette participants, business and professional representatives, school board members and administrators, and other stakeholders. The Task Force expressed interest in working on the EVP effort to create a community-based plan to balance new housing and non-residential development in infill

locations with the construction of transportation improvements and community amenities (i.e., a “three legged stool”). This unique balancing act is intended to improve the overall quality of life in and around Evergreen.

The Task Force has met at least meeting monthly, and over the course of much of 2004, they met at least twice per month including Saturday workshops and/or field trips. Additional members of the general public have also been attending the Task Force meetings as a result of outreach meetings, local press coverage, and “word of mouth.”

Consistent with the Mayor and Council’s adopted budget direction, the preparation of the EVP needed to be funded by outside sources because it is a long range planning effort. On November 4, 2003, the City Council adopted a resolution delegating to the City Manager the authority to negotiate and approve a funding agreement with Yerba Buena Opco, LLC to pay for City staff and consultants to prepare a community-based Evergreen Visioning Project (EVP) and related documents. Yerba Buena Opco, LLC includes property owners and developers with real estate interests in Evergreen.

#### *Elements of the Evergreen Visioning Project*

The EVP is a comprehensive land use and transportation planning effort that is expected to guide infill development in the Evergreen area consistent with Smart Growth principles. For planning purposes, the EVP study area is generally bounded by Yerba Buena, Highway 101, Story, and the Urban Growth Boundary in the eastern foothills (see Attachment 2). The study area contains infill development and reuse opportunities on small properties; however, the major focus of the effort has been on four “opportunity sites”:

- Arcadia Property – 80-acre site on the west side of Capitol Expressway, south of Eastridge Mall
- Pleasant Hills Golf Course – 115-acre site at the north east corner of White and Tully, just east of Lake Cunningham Park
- Campus Industrial Properties – 313 acres, located east of Yerba Buena Road at the base of the east foothills
- Evergreen Valley College – 30-acre portion of the College, located adjacent to the existing shopping center on the corner of San Felipe Road and Yerba Buena Road.

The products of the EVP include:

- Evergreen Visioning Project/Smart Growth Strategy document to articulate a vision for the area, explain the community process, and contain design guidelines to ensure high quality community.
- Evergreen Development Policy update to create new traffic allocations to allow new residential development capacity within the Development Policy Area (south of Story

and east of Highway 101), linking transportation improvements and community amenities with new development.

- General Plan Text amendments to incorporate the Evergreen Development Policy update.
- General Plan Land Use/Transportation Diagram amendments to secure the development potential of the four opportunity sites.
- Financing Strategy to ensure the construction of the transportation improvements and community amenities.
- Environmental Impact Report to assess the potential environmental effects of the EVP and related actions, in compliance with the California Environmental Quality Act (CEQA).

### *Livability and the Guiding Principles*

One of the Task Force's first accomplishments was the completion of Guiding Principles (see Attachment 3). The Guiding Principles articulate the livability and quality of life characteristics for the EVP. They are a useful tool to bring consensus around development opportunities, transportation, amenities, and overall quality of life. The 53 Principles are organized around six outcomes:

1. New development should follow the "sustainability" principles of equity, environment and economic development.
2. All new development should be high quality and aesthetically pleasing.
3. Infrastructure and services (including schools) should support the planned levels of residential and commercial/retail/office development.
4. Increase the overall livability of Evergreen by fostering vibrant commercial/business, mixed use, and residential areas linked by various transportation modes and community amenities.
5. Create housing opportunities for a wide range of household types and income levels.
6. Apply the concepts of Transit-Oriented Development near future transit stations.

The Principles also communicate a vision for the future of Evergreen consistent with Smart Growth concepts. The Principles recognize that Evergreen could begin to transition from being an entirely auto-oriented community to one that accommodates a variety of transportation modes. An extension of Light Rail is planned to extend down Capitol Expressway, past Eastridge Shopping Center, to Neiman Boulevard. Trails and pedestrian/bicycle connections could be added to bring neighborhoods together. In certain locations, higher density residential

and mixed use development may be appropriate. Green building and more open space could also be facilitated through the EVP.

These Principles apply to the four opportunity sites as well as other future development in the EVP area. For example, intersections with strip shopping centers could be transformed to vibrant mixed use areas. The EVP design guidelines are intended to provide parameters for such mixed use development to ensure compatible relationships with existing neighborhoods.

The Guiding Principles also identify many key livability concerns, including the provision of adequate schools for all grade levels. To date, the school issues have not been resolved with specific solutions. The Task Force is expected to continue to work with the affected school districts to identify options for resolution. The Task Force's Guiding Principles include the following statement regarding schools, "Ensure adequate capacity at Evergreen schools without sacrificing a quality education environment."

#### *Transit-Oriented Development Opportunities*

Historically, Evergreen has largely grown around automobile transportation. The planned extension of Light Rail Transit (LRT) down Capitol Expressway creates a significant opportunity to introduce transit-oriented development at the Arcadia site just south of the Eastridge shopping center. Light Rail stations are planned at the Eastridge shopping center and adjacent to the Arcadia site near Neiman Boulevard. Together, these two stations could become a major destination for this segment of the LRT system.

#### *Development Characteristics*

After many months of discussing the delicate balance between future residential development, transportation improvements, and community amenities, the Task Force identified development scenarios for the four opportunity sites, as well as a "pool" of extra development capacity, which could be allocated to other sites through the updated Evergreen Development Policy. Additional scenarios have also been proposed by the property owners/developers of the sites and the West Evergreen Neighborhood Advisory Committee. As a result of this input, the Environmental Impact Report is evaluating the potential environmental effects of a range of 3,800 to 5,700 housing units as well as a range of non-residential development (see Attachment 4 for a description of the scenarios, including housing types and affordable units). The amount of non-site specific "pool" ranges from 335 to 700 units depending upon the scenario. The "pool" would be available for future infill development beyond the four opportunity sites.

All of the opportunity site proposals contemplate some amount of open space to satisfy park requirements, community amenities, and/or community facilities (such as schools, libraries, etc.). As with all infill development in San Jose, it is expected that General Plan land use amendments would establish minimum densities for each of these sites. At the Study Session, staff will distribute concept plans for each of the four sites. Below is a brief description of each site:

The Pleasant Hills Golf Course site includes a mix of ownership housing, ranging from townhomes to large lot single-family detached (i.e., 8,000-square foot lots). Housing

yields range from 540 to 825 units in the scenarios. About 40% of the site may remain in some form of open space or parkland. Pedestrian connections to Lake Cunningham Park and nearby neighborhoods are being explored. The EIR is also studying the “no project” alternative, which would retain the Private Recreation designation.

The Arcadia site is being considered for apartments, townhomes, mixed use development, and stand alone retail. The scenarios potentially yield 1,500 to 2,025 units. Building connections to the West Evergreen neighborhood, Leyva, Eastridge, and Light Rail are important for this site. An additional connection to the neighborhoods east of Capitol Expressway is also being explored. The EIR is also studying the “no project” alternative, which includes 217 units and non-residential uses.

The portion of the Evergreen Valley Community College site is being considered for 275 to 500 apartments and retail uses. The “no project” alternative assumes only educational activities on the property.

The Campus Industrial sites are being considered primarily for conversion to residential uses (950 to 1,950 units total). Proposed housing types include townhomes, carriage units (i.e., single-family homes on small lots with a second unit above a detached garage), small lot single-family, and larger lot single-family (up to 8,000- square foot lots). The proposed concept would extend the “Evergreen Specific Plan” development pattern eastward with street connections, pedestrian trails, and similar housing products. The “no project” alternative would retain the Campus Industrial designation.

### *Homeownership and Rental Opportunities*

The EVP provides both homeownership and rental opportunities. The Campus Industrial and Pleasant Hills Golf Course sites are currently being proposed for entirely ownership housing. In contrast, housing on the Evergreen Valley Community College is likely to be rental because the College needs to retain ownership of the underlying property. The Arcadia site is being considered for a mix of rental and ownership. The property owner for the Arcadia site has expressed a preference for a predominance of rental units; however, the community is interested in a balance of both tenure types.

### *Development Applications*

The developers/property owners of the opportunity sites have now filed General Plan Land Use/Transportation Diagram amendments and Rezoning/Rezoning applications, as described in an Information Memorandum to the Council dated May 16, 2005. These amendments bracket the full range of development potential identified in the scenarios mentioned above. The Task Force and broader community will have input to the developers’ proposals per the City Council Policy on Public Outreach and the community engagement process associated with the EVP process.

### *Retail Study*

A retail study evaluating the current unmet retail demand in Evergreen as well as the projected future demand with new housing development is close to completion. Two of the opportunity sites (i.e., Arcadia and the Evergreen Valley Community College) are identified as having potential to accommodate retail to provide much needed restaurant, shopping, and other neighborhood-serving uses in the area.

### *Community Amenities*

The Task Force has identified a wide range of amenities to improve community livability, including but not limited to the funding and construction of:

- Sports complex for Little League
- Community improvements identified in “West Evergreen SNI Plan”
- Pedestrian overcrossings
- Thompson Creek Trail
- Unfunded park needs identified in “Greenprint”
- Open space along foothills and trail connections

See Attachment 5 for a complete list of proposed amenities and their estimated costs.

### *Transportation Improvements*

Given the challenges facing government to provide public dollars to improve freeway infrastructure and provide other amenities, the EVP would provide a means to utilize private development dollars to finance a wide range of items. Based on initial traffic analysis, the identified transportation improvements include, but are not limited to:

- Route 101 freeway widening and interchange upgrades at Tully, Capitol Expressway, and Yerba Buena
- Various local intersection improvements
- Traffic signal synchronization
- Traffic calming

See Attachment 6 for a complete list of proposed improvements, their estimated costs, and descriptions.

### *Evergreen Development Policy Update*

In 1976, the City Council adopted the original Evergreen Area Development Policy (EDP) to address transportation and flood protection constraints to development in Evergreen, defined as the area within San Jose’s Urban Service Area boundary, south of Story Road and east of U.S. Highway 101. The EDP identified specific programs and policies for flood protection, and established an allocation program to phase residential development based on available traffic

capacity and planned traffic improvements. The EDP has been amended a few times since, most recently in 1995. A more complete description of the EDP is contained in Attachment 7.

On January 27, 2004, the City Council adopted a resolution clarifying and reaffirming implementation of the current Evergreen Development Policy, which controls the amount of residential development due to limited traffic capacity in the area east of Highway 101 and south of Story Road. As part of that action, the City Council directed staff to temporarily discourage rezoning or General Plan amendment applications in the EDP area that would require additional residential unit allocations or density increases beyond those specifically described in the current Policy until the completion, consideration, and action on the Evergreen Visioning Project, including an updated Evergreen Development Policy.

An important component of the EVP is an update to the Evergreen Development Policy. This Policy update would provide the linkage between future development and the construction of transportation improvements and community amenities. The Policy area is proposed to remain the area south of Story Road and east of Highway 101.

The Policy update can provide new development capacity for the opportunity sites (3,200 to 5,150 units) as well as a “pool” of development capacity for additional residential and/or mixed use prospects (335 to 700 units). The Policy area contains other vacant and underutilized properties which could develop in mixed use, pedestrian-friendly configurations consistent with the intent of the overall EVP. The Task Force and the community will be discussing the potential elements of the Policy over the next few months.

### *Land Use and Transportation Conclusion*

At the Study Session, Staff will be providing highlights of the material contained in this memorandum, and will be available to answer the Council’s questions.

## 2. Original EVP Task Force Perspectives

At the Study Session, three members of the original EVP Task Force (now self-identified as the District 8 Visioning Task Force) will present background information, assumptions and facts, accomplishments, and next steps in the community’s work for EVP. The overarching consideration for the Task Force has been enhancement of quality of life through the delicate balance of new development, transportation improvements, and community amenities. The Task Force members look forward to an opportunity to discuss key EVP issues with the City Council.

## 3. Industrial Conversion

Today, within San Jose’s Urban Service Area/Urban Growth Boundary, approximately 60% of the City’s land use area consists of planned residential uses, 5% commercial retail, 14% industrial/employment lands, and 21% open space, schools, etc. The actual acreage of pure employment lands is less due to the presence of government agencies, social services, and other non-industrial activities within the industrial areas. The City’s employment areas are generally



located along a central spine from Alviso and North San Jose through Downtown, the Monterey Corridor area, and into Edenvale and North Coyote Valley.

In 1980, the City Council approved General Plan land use amendments that “swapped” industrial land in Berryessa with residential land in Evergreen (“Berryessa Swap”). The swap brought housing closer to job locations in Berryessa, and established a 350-acre Campus Industrial area in Evergreen. The Campus Industrial area was intended to attract corporate campuses to a pleasant foothill location, similar to Page Mill Road in Palo Alto.

One of the properties was developed by Syntex in the 1980’s. This building is now planned to become the headquarters for Hitachi Global Storage Systems. Zonings and planning permits have been approved for the remaining Campus Industrial area. In the latest economic boom, the developer of one property had started staking the ground in anticipation of grading and construction. When the economy fell early in the millennium, this activity stopped.

During the recent economic downturn, San Jose has been under pressure to convert industrial lands to residential uses. The conversions started with the light and heavy industrial lands and have expanded to even the City’s premier industrial lands. By March of 2004, 600 acres were pending consideration for potential conversion (excluding Evergreen).

In response to this pressure, staff hired an economic and financial consultant team led by Strategic Economics to analyze the relationships between the City’s economy, its budget, and land use policy/supply by:

- Determining the number and types of jobs within San Jose’s key employment subareas;
- Examining the land supply and demand for jobs and housing growth through the year 2020, in light of anticipated structural changes in San Jose’s driving industries, including the potential for higher-density workplaces;
- Studying the fiscal performance (i.e., costs versus revenues) of hypothetical development scenarios within certain employment subareas by using a GIS-based, web-enabled, interactive modeling tool linking land use and fiscal impact; and
- Identifying economic considerations for employment land conversions in the key subareas.

This analysis complemented the City’s Economic Development Strategy, adopted by the Council in the fall of 2003. Together, the Strategic Economics’ work and the Economic Development Strategy informed the creation of a “Framework for Evaluating Proposed Conversions of Employment Lands to Other Uses” approved by the City Council on April 6, 2004.

The Framework contains criteria which should be used in considering potential conversions. In addition, the Framework provides direction for different employment land subareas. Some subareas could be considered for conversion while others should not. Since the Framework, 275 acres of employment lands have been converted to residential or non-industrial uses, and 700

acres are currently pending conversion. Some proposed conversion applications have also been withdrawn since the approval of the Framework (approximately 215 acres).

The conversion issue is becoming more complex because the City is encouraging the intensification of employment uses on fewer acres designated for industrial uses. For example, the proposed North San Jose Area Development Policy Update would add job capacity to the City's General Plan, yet result in the conversion of up to 285 acres to residential use. This is consistent with the Framework, which identified North San Jose and the southwestern portion of Edenvale for such intensifications. Staff is currently working on tracking measurements for jobs as well as acreage to provide a more complete picture of the status of the City's employment lands and job base.

The Evergreen Campus Industrial area is considered in the Framework as one of the "subareas to consider for conversion to housing, retail, mixed use, or other Household Serving Industries in certain circumstances." The Framework provides specific guidance for the Evergreen Industrial Area: "Consider uses if recommended through the Evergreen Smart Growth Strategy process."

The long term planning of the City's supply of employment land is complex, linked closely with San Jose's vision of:

- Having a strong fiscal base to provide high quality services to residents, workers, and visitors;
- Attracting, retaining, and expanding jobs as part of a balanced community where residents have the opportunity to work in the City; and
- Continuing to create housing supply in the right place through infill development, while also encouraging reinvestment in the City's older neighborhoods to preserve their unique character.

Employment lands are an irreplaceable resource. Staff has consistently recommended denial of most conversion proposals in light of the City's long term economic development needs and its vision of becoming a balanced community. San Jose available land for employment uses is a unique competitive advantage over other South Bay communities that are largely built out. The uncertainty of future employment and industry needs in the dynamic, innovative Silicon Valley necessitates that the City maintain a diverse range of employment areas.

With the possibility of converting the Evergreen Campus Industrial area to residential, the City's remaining employment lands become all the more precious. This is especially true of planned job centers in Edenvale and Coyote Valley, which are intended to capture Driving and Business Support Industry jobs (as was Evergreen), and capitalize on the "reverse commute" by more efficiently utilizing existing transportation infrastructure.

Retail development is also an important part of the City's economic base. For this reason, retail opportunities should be harnessed, particularly at the Arcadia site, to create needed shopping for existing and future residents. The draft Retail Study indicates significant market demand for

new retail and restaurants. To the extent possible, new retail should be added in the study area so as to strengthen the Evergreen Village in the Specific Plan area.

At the Study Session, staff will present the Citywide context of industrial conversions and issues associated with converting the Evergreen Campus Industrial area. Staff will be available to answer questions and discuss these issues.

#### 4. Affordable Housing

One of the Task Force's Guiding Principles is to: "Establish development opportunities for affordable and mixed income housing to meet the housing needs of all stages of life (single, married, family, 'empty nester,' and senior)." The Task Force recognized that affordable housing production is generally much lower in District 8 than other locations in San Jose, primarily because of the Evergreen Development Policy allocation constraints. EVP is an opportunity to provide for the development of a broader range of housing choices.

To better understand recent examples of housing types and densities, the Task Force toured a variety of developments, including affordable housing. During its review of different development options for the opportunity sites, the Task Force identified mixes of housing types for each of the opportunity sites, including single-family, carriage units, townhomes, multiple-family, and affordable apartments.

Under current City policy, only the Arcadia site is required to provide affordable housing because it is located within the Strong Neighborhoods Initiative Redevelopment Project Area. Under State law, 15% of all housing constructed in Redevelopment Project Areas must be affordable to very low, low and moderate income households. In August 2002, the City Council adopted an "inclusionary housing" policy for San Jose's Redevelopment Areas that generally requires 20% of all units to be affordable. This policy was updated in January 2005 and contains specific direction for rental and ownership developments. This policy also contains provisions regarding in lieu fees and other mechanisms to achieve affordable housing in these areas.

In addition to the Arcadia property, the housing being contemplated for the Evergreen Valley Community College site might be intended primarily for faculty, staff and students. Such housing is likely to also be affordable.

At the Study Session, staff will review the details of existing affordable housing policies relevant to the EVP and be available to contribute to the Council's discussion regarding an appropriate affordable housing mix for the EVP.

#### 5. Financing Strategy

City staff are working with the property owner/developer representatives and consultants to determine funding mechanisms to finance the transportation improvements and community amenities of the EVP. Discussions include the possible formation of a Community Facilities District to encompass the four opportunity sites. The final financing strategy and appropriate

City Council actions are expected to be considered by the Council with the entire EVP package at the conclusion of the process in 2006.

The delicate balance between proposed development and new community and transportation improvements includes the creation of a financially feasible plan for the developers of the four opportunity sites. The Task Force learned that each housing and development type creates a certain “value” that can then be “leveraged” to pay for traffic improvements and community amenities. In the current market, single-family residential uses generate the greatest “values” and this development could contribute the most towards the improvements.

At the Study Session, the Funding Strategies Panel will include Finance Department staff, their consultants, and a property owner representative of the four opportunity sites. Together, they will provide an overview of financing options for transportation improvements and community amenities, as well as respond to Council questions.

## **NEXT STEPS**

Based on the discussion at the Study Session, staff will prepare recommendations for the policy issues raised in this memorandum and complete an updated work plan for the EVP for Council consideration.

## **COORDINATION**

The information contained in this memorandum was coordinated with the Departments of Transportation, Finance, Public Works, and Parks, Recreation and Neighborhood Services; Office of Economic Development; Redevelopment Agency; City Attorney’s Office; and City Manager’s Budget Office. The EVP effort overall also includes other City operating departments and outside agencies such as the Valley Transportation Authority and the Santa Clara Valley Water District.

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### Attachments:

1. Study Session Agenda
2. Evergreen Visioning Project Study Area Map
3. Guiding Principles
4. Development Scenarios
5. Community Amenities
6. Transportation Improvements
7. Evergreen Development Policy Overview